2010 ACQUISITION COMMUNITY SYMPOSIUM

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Topics

- Expectations
- AT&L Responsibilities
- PDUSD(AT&L) Strategic Taskings from Dr. Carter

What We Expect From the Acquisition Community

- Integrity
- Professionalism
- A Commitment to Continuous Improvement
- A Strong Sense of Stewardship of the Taxpayers' Money

What the Acquisition Community Can Expect From Us

- Integrity
- Professionalism
- A Commitment to Continuous Improvement
- A Strong Sense of Stewardship for the Taxpayers' Money

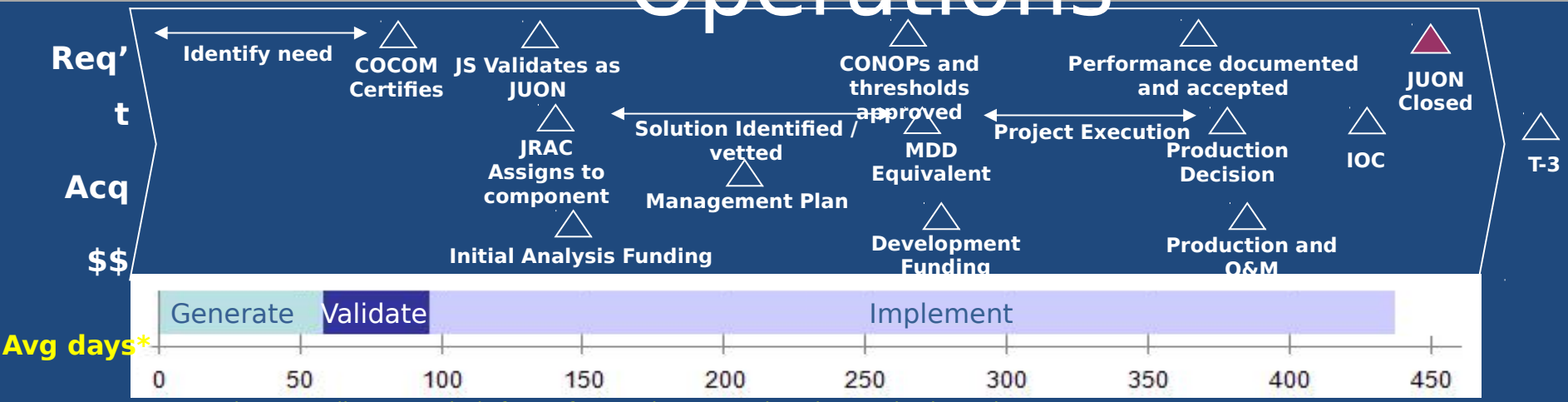
Some of the AT&L Responsibilities

- People – The Acquisition Workforce
- Support to Current Operations
- Defense Acquisition Programs
- Acquisition of Services
- Development and Oversight of DoD Technology Strategy
- Defense Industrial Base
- Military Installations and Environmental Management
- Operational Energy
- Counter-WMD
- Small Business Programs
- QDR, NPR, BMDR, SPR Implementation

PDUSD(AT&L) Strategic Taskings

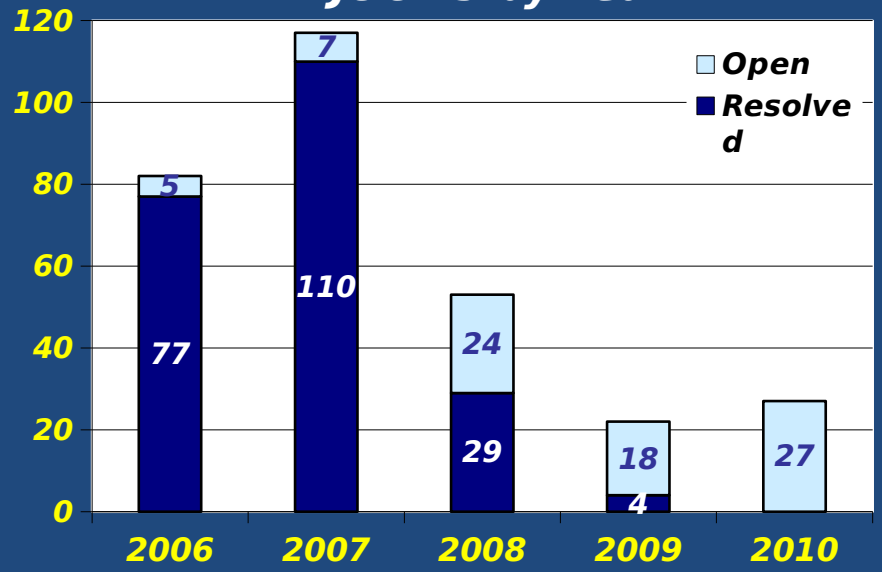
1. Improve Acquisition Support to Current Operations
2. Increase the Value Received for Acquisition Investments; Find savings in the Acquisition System
3. Ensure Affordability is Considered in Investment Decisions
4. Strengthen the Health of the Defense Industrial Base
5. Strengthen the DoD Acquisition Workforce

1. Improve Acquisition Support to Current Operations

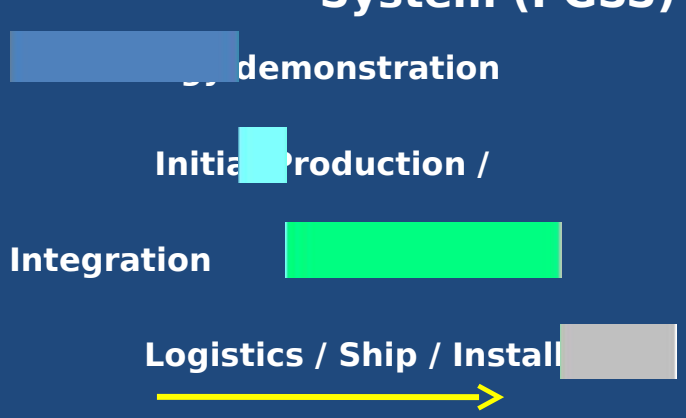


* Based upon April 2009 analysis for Defense Science Board, and Lean Six Sigma data

JUONs by Year



Persistent Ground Surveillance System (PGSS)



1. Improve Acquisition Support to Current Operations

- Streamlined Response to Urgent Needs
  - Outside 5000 series
- Balanced Risk Reduction Measures
  - NDI and near-NDI solutions; mature technology
  - Accept more risk than “normal” process allows
- Responsive Operational Contract Support
- Effective Logistics Support

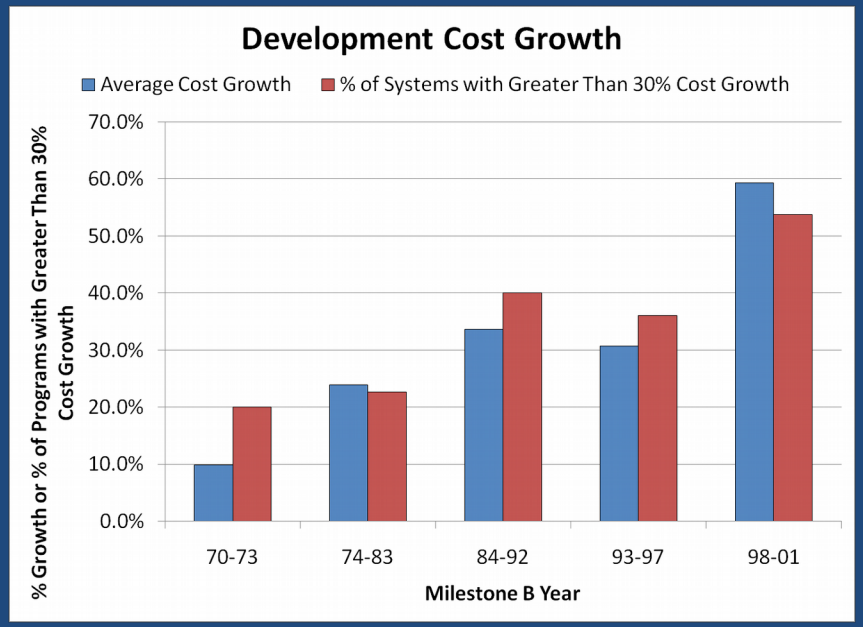
1. Improve Acquisition Support to Current Operations

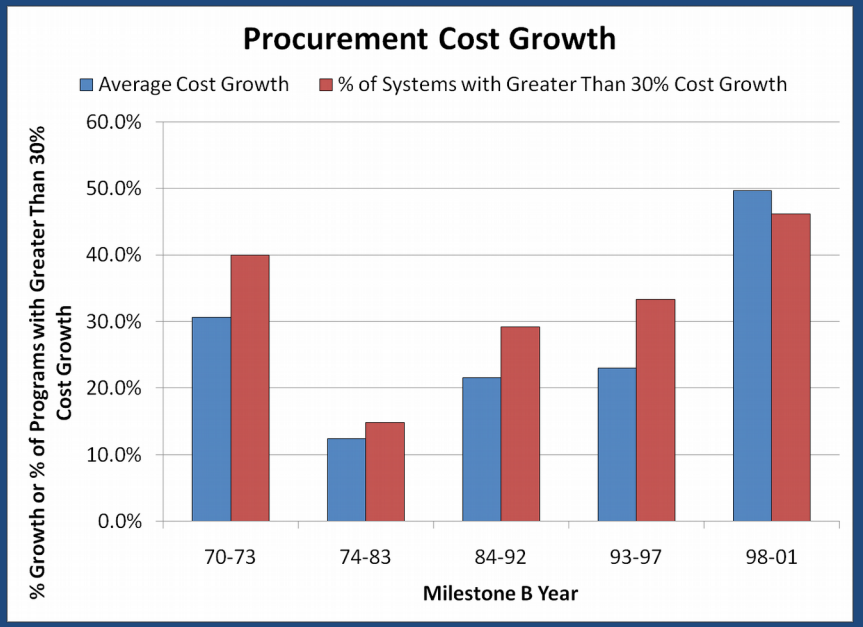
- Focus on Areas Where Need is More Than a Few Prototypes
  - Adequate numbers to make a difference on the battlefield
  - Rely as much as possible on operational feedback from the field
  - Ensure adequate support when deployed (maintenance, supply, training)
  - Transition to established institutional acquisition management as soon as practical

2. Increase the Value Received for Acquisition Investments

Cost Growth History

Total Actual and Projected Normalized Cost Growth as %





Source: IDA 2009 Study "Cost Growth in DoD's Major Defense Acquisition Programs Since 1970 (Update)"

2. Increase the Value Received for Acquisition Investments

- Identify Where We Are Not Getting Full Value For Our Investments
- Measure the Amount of Inefficiency
- Determine Corrective Steps With the Highest Return On Investment
- Implement
- Repeat

Opportunities for Savings in Defense Acquisition

- Program Cancellation After a Significant Investment
- Costs Associated with Attempting to Unsuccessfully Achieve Stated Requirements
- Costs Associated with Inefficient Schedules (Too Long and Too Short and Too Unstable)
- Inefficiencies in Development Program Execution
- Unit Costs Exceeding “Should Cost” Levels
- Excessive Sustainment Costs That Could Have Been Avoided
- Secondary Effects On Other Programs When Broken Programs Are Repaired

re are Opportunities in All Phases of Acquisition: Beginning, Middle and

What Causes Inefficiency? A Partial List:

- Setting Unrealistic Requirements
- Dictating Overly Optimistic Schedules
- Encouraging Overly Optimistic Cost Estimating
- Rewarding High Risk Bidding Practices
- Accepting Execution Incompetency
- Making Myopic Short Term Trade-offs

These Are Behaviors, And Behaviors Can Be Changed

3. Ensure Affordability Is Considered In Acquisition Decisions

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- Why it Matters:
  - DoD has to sustain about a 40 year capital investment cycle;
    - While adding innovative new capabilities,
    - and upgrading fielded systems,
    - and sustaining readiness
  - DoD is still following Augustine's Law; the entire projected acquisition budget will someday buy just one aircraft
  - Future pressure on the investment accounts is all but assured

3. Ensure Affordability Is Considered In Acquisition Decisions

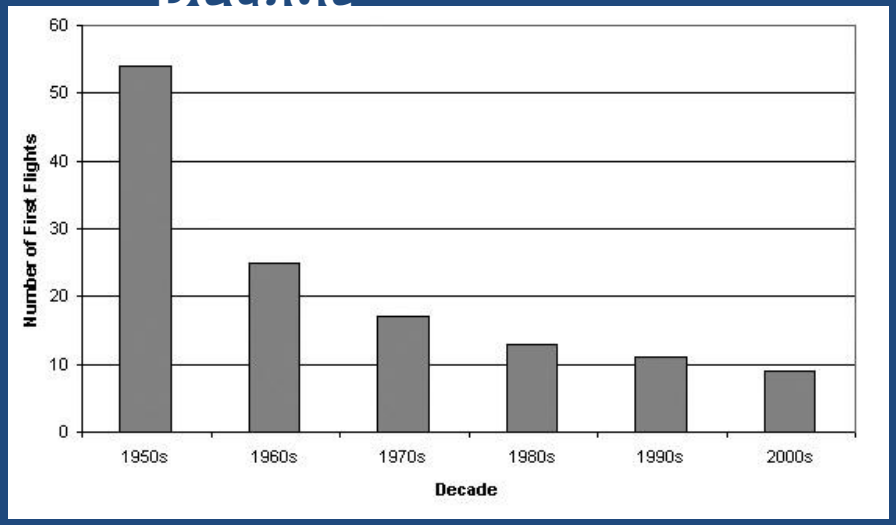
- We Have to Take Affordability Seriously, Starting at the Earliest Decision Points and at All Milestones
  - Requirements have to be traded against costs
  - Realistic cost caps have to be applied and enforced
  - Return on investment considerations have to drive choices about upgrades, fielding innovative concepts, and new systems
- And When Programs Are Restructured

Unaffordable Programs and Cost Overruns are in No One's Interest

Nunn McCurdy breaches is termination

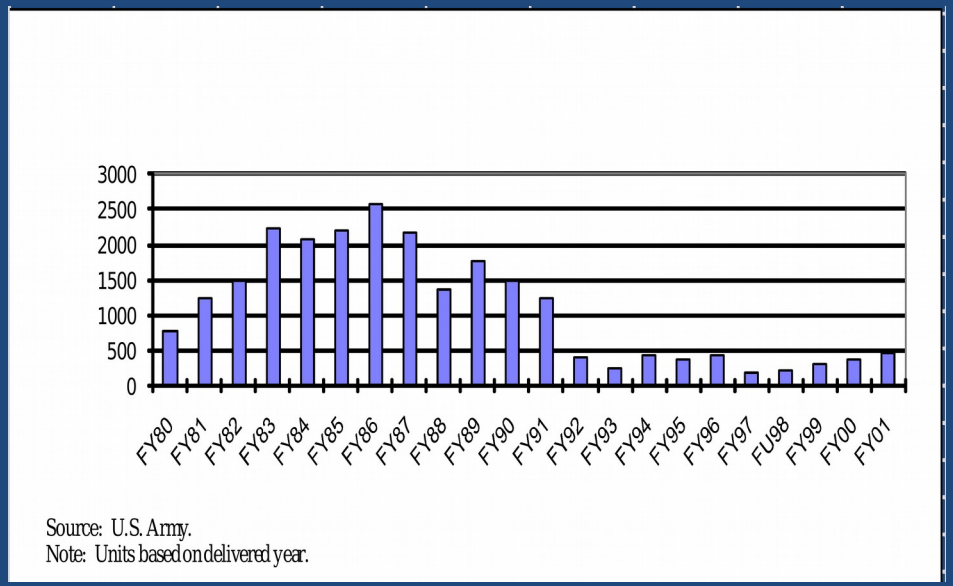
4. Strengthen the Health of the Industrial Base

First Flights by Decade



Source: Rebecca Grant's "The Vanishing Arsenal of Airpower

Tracked Vehicle Production



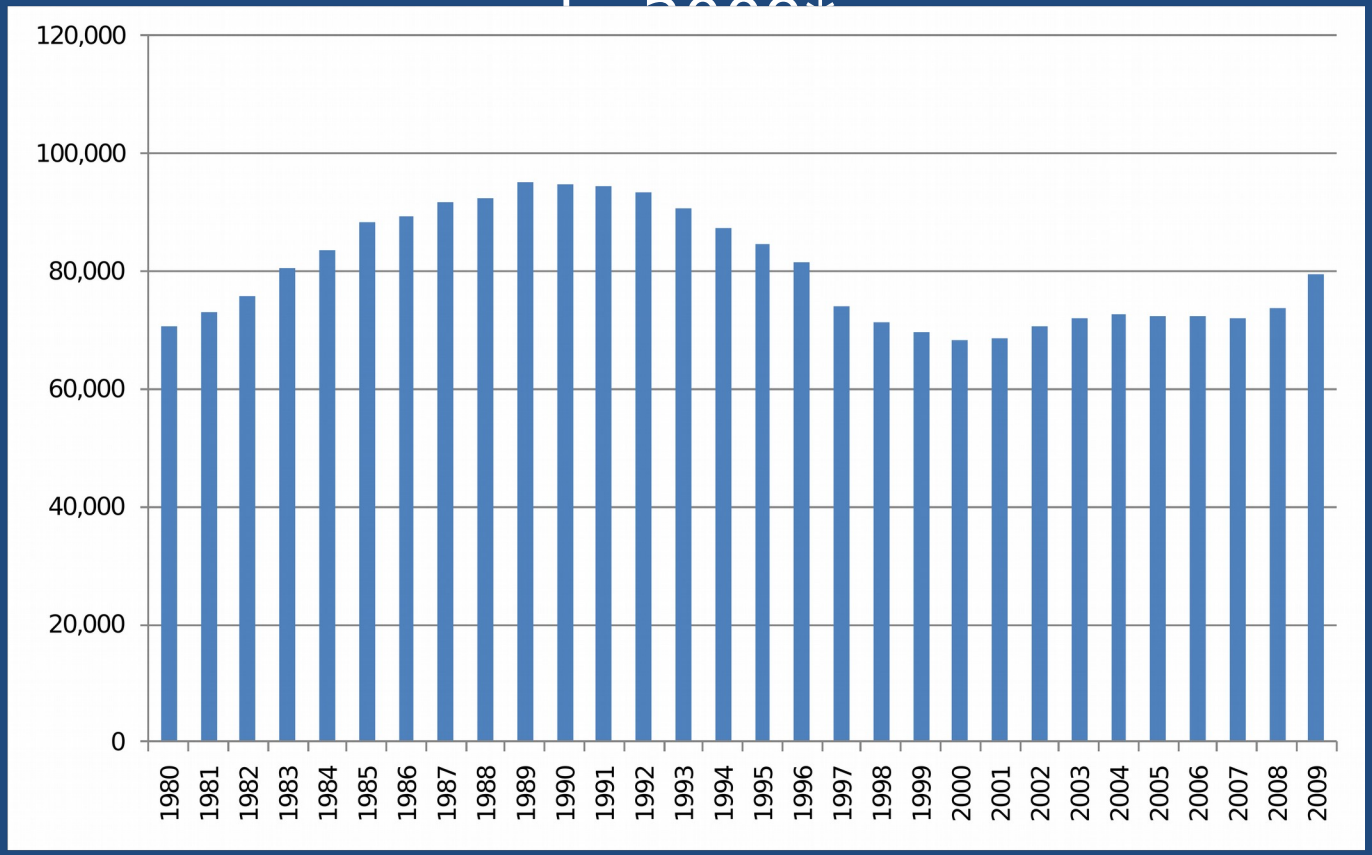
4. Strengthen the Health of the Defense Industrial Base

- Ensure Adequate Capacity To Support DoD Requirements
  - Through individual program acquisition strategies
  - Through budget and program reviews
  - Guided by a comprehensive understanding of the industrial base
  - Consider the prime, subsystem and component levels
  - Align industry and DOD strategies for investment
- Provide Stronger Incentives to Industry to Increase Efficiency
  - Contract incentives
  - Com
  - Emphasis on prior performance in source selection

Design Teams Are A Particular Concern

5. Strengthen the DoD Acquisition Workforce

Engineers/Scientists in DoD Employment from 1980 to 2009*



*Acquisition-related engineering/scientist occupation series (civilians)

5. Strengthen DoD Acquisition Workforce -- Both Civilian and Military

- Execute the Defense Acquisition Workforce Act
- Complete the In-sourcing of Key Governmental Functions
- Ensure PMs and PEOs are Adequately Experienced and Trained
- Get the Most From our Experienced Acquisition Professionals
  - Mentoring
  - Education of the next generations of leaders and professionals

Supporting Our Fighting Servicemen and Women is an Exciting, Challenging and Fulfilling Opportunity

Three of the Immortal Bard's Seven Ages
(Two for you and one for me)

And then the lover,
Sighing like furnace, with a woeful ballad
Made to his mistress' eyebrow. Then a soldier,
Full of strange oaths, and bearded like the pard,
Jealous in honour, sudden and quick in quarrel,
Seeking the bubble reputation
Even in the cannon's mouth. And then the justice,
In fair round belly with good capon lin'd,
With eyes severe and beard of formal cut

From "As You Like It"
By W. Shakespeare

So Here Are Some Wise Saws

- There is No Such Thing as a Free Lunch
  - Jerry St. Pe', President, Ingalls Shipbuilding
  - Circa 1996
- You Get What You Accept
  - Jack Katzen, ASD (Production and Logistics)
  - 1989
- It's the Taxpayers' Money, Not Ours
  - Frank Kendall, PDUSD(AT&L)
  - 2010